

## Message Text

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AID-05 EB-07 CIEP-02 TRSE-00 STR-04 OMB-01 CEA-01

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IO-10 /117 W

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R 182150Z FEB 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6772

INFO AMEMBASSY BONN

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UNCLAS SECTION 01 OF 03 PARIS 04257

E.O. 11652: N/A

TAGS: PLAB, FR

SUBJECT: REPORT ON REFORM OF ENTERPRISE

1. SUMMARY. HIGH POWER COMMISSION APPOINTED BY GISCARD LAST JULY RELEASED ITS REPORT 12 FEBRUARY CONTAINING 72 SPECIFIC PROPOSALS TO REFORM THE ENTERPRISE AS AN ECONOMIC UNITY, WORK ENVIRONMENT AND A LEGAL ENTITY. GISCARD HOPES THAT A BROAD DEBATE ON REPORT'S RECOMMENDATIONS WILL CREATE A NATIONAL CONSENSUS WHICH SHOULD GUIDE GOF ON WHAT SHOULD BE DONE, WHEN, AND HOW. REPORT IS PRESENTING GISCARD WITH REAL TEST ON HOW FAR HE IS PREPARED AND ABLE TO GO IN HIS ADVOCACY OF REFORM. END SUMMARY.

2. A REFORM-MINDED PRESIDENT SEEKING TO CHANGE (WITHOUT RISK) TRADITIONAL PATTERNS OF LIFE AND WORK OF THE  
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FRENCH PEOPLE COULD NOT FAIL TO FOCUS ON THE WORLD

OF WORK - ITS CORPORATE STRUCTURE, ITS HUMAN ENVIRONMENT AND ITS TARNISHED TABOOS. HARDLY THREE MONTHS IN OFFICE GISCARD LAUNCHED THE PROJECT OF "CORPORATE REFORM" (REFORM DE L'ENTREPRISE), A SLOGAN INTENDED TO MEAN SEARCH FOR WAYS AND MEANS TO IMPROVE FRENCHMEN'S LIFE AND STATUS IN HIS PLACE OF WORK. HE PROCEEDED TO APPOINT A 12-MEMBER COMMISSION HEADED BY REFORMER DEPUTY PIERRE SUDREAU AND COMPOSED OF 3 INDUSTRIALISTS, 3 UNION LEADERS (FO, CFDT AND CGC), 2 ACADEMIC AND 2 GOVERNMENT OFFICIALS (CONSEIL D'ETAT). THE COMMISSION'S CHIEF COUNSEL WAS FRANCOIS LAGRANGE, FORMER DIRECTOR OF CABINET OF LABOR MINISTER WHO VISITED U.S. IN JANUARY 1974 TO STUDY EXPERIMENTS IN JOB ENRICHMENT. HE TOLD LABATT THAT HE DREW HEAVILY ON HIS U.S. OBSERVATIONS IN WORKING FOR THE COMMISSION. THE COMMISSION'S MANDATE WAS TO PREPARE A REPORT OF SPECIFIC RECOMMENDATIONS OF ACTIONS NEEDED TO IMPROVE THE WORK ENVIRONMENT IN THE PRIVATE SECTOR OF THE ECONOMY FROM A LEGAL, SOCIOLOGICAL AND INDUSTRIAL RELATIONS POINT OF VIEW.

3. FEW REPORTS BY AN OFFICIAL BODY HAVE BEEN ANTICIPATED WITH AS MUCH INTEREST AND EVEN APPREHENSION DEPENDING ON ONE'S POSITION IN THE WORK HIERARCHY AS THE SUDREAU REPORT (AS UNDOUBTEDLY WILL BE KNOWN FROM NOW ON) WHICH WAS HANDED TO GISCARD ON 7 FEBRUARY AND MADE PUBLIC THROUGH A PRESS CONFERENCE ON 12 FEBRUARY.

4. AS SUDREAU SAID IN HIS PRESS STATEMENT, THE REPORT IS PERHAPS UNIQUE AT LEAST FOR EUROPE BECAUSE OF ITS GLOBAL APPROACH TO THE PROBLEM OF CORPORATE STRUCTURE AS AN ECONOMIC UNIT, WORK ENVIRONMENT AND A LEGAL ENTITY. WRITTEN IN SIMPLE, CLEAR LANGUAGE, IT REFLECTS AN IMPRESSIVE AMOUNT OF WORK DONE IN RECORD TIME TO MEET GISCARD'S AND PERHAPS FRANCE'S REALISTIC EXPECTATIONS. ITS 200 PAGES (60,000 WORDS) CONTAIN NO LESS THAN 72 SPECIFIC SUGGESTIONS WHICH, ALTHOUGH OF UNEQUAL ORIGINALITY AND IMPORTANCE,

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IO-10 /117 W

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R 182150Z FEB 75

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COULD GO A LONG WAY THROUGH THEIR CUMULATIVE EFFECT  
TOWARDS RESHAPING TRADITIONAL RELATIONS BETWEEN  
CAPITAL AND LABOR AND HIGHLIGHTING SOCIAL DIMENSION  
OF THE ENTERPRISE.

5. SUDREAU APPROPRIATELY STRESSED THE POINT THAT THE  
COMMISSION'S APPROACH WAS "PRAGMATIC, PRUDENT AND  
PLURALISTIC." AS A RESULT THE COMMISSION'S MAIN  
CRITERION IN JUDGING THE MANY IDEAS THAT WERE OFFERED  
TO IT WAS THEIR CHANCES OF BECOMING ACCEPTABLE TO  
BOTH MANAGEMENT AND LABOR, WHICH MEANT THEIR CHANCES  
OF BEING IMPLEMENTED AND THEREBY BRINGING ABOUT THE  
DESIRED CHANGE. MOREOVER THE COMMISSION SUCCESSFULLY  
AVOIDED THE TRAP OF MISTAKING REFORM OF THE ENTERPRISE  
AS REFORM OF FRENCH SOCIETY, WHICH ACCOUNTS FOR  
NOTABLE ABSENCE IN THE REPORT OF IDEOLOGICAL FORMULAT-  
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IONS AND SWEEPING GENERALIZATIONS. IN FACT, ONE OF  
THE REPORT'S MORE SIGNIFICANT MERITS IS ITS IMPLICIT

RECOGNITION OF THE ENORMOUS DIVERSITY THAT EXISTS IN THE BUSINESS WORLD AND THE EMPHASIS IT PUT ON VOLUNTARISM AND COLLECTIVE BARGAINING AS MORE EFFECTIVE MEANS TO BRING ABOUT DURABLE CHANGES. IMPLICIT ALSO IN THE REPORT'S RECOMMENDATIONS IS RECOGNITION OF VALIDITY AND VIABILITY OF A MARKET ECONOMY AND OF THE SPECIAL RULES THAT GOVERN ITS OPERATION.

6. THE COMMISSION WAS NOT SHORT OF ADVICE. BY MAKING AN EXTENSIVE USE OF AMERICAN-TYPE HEARINGS PROCEDURES (WHICH MAY ALSO BE SOMETHING OF A RECORD FOR FRANCE) IT CONSULTED OVER 200 PEOPLE FROM ALL WALKS OF LIFE AND EXPERTISE.

7. SUMMARIZED BELOW ARE SOME OF THE REPORT'S MORE INNOVATIVE RECOMMENDATIONS IN LABOR RELATIONS FIELD WHILE THOSE CONCERNING CORPORATE STRUCTURE WILL BE REPORTED SEPARATELY:

(A) COMMISSION REJECTED "UNANIMOUSLY" (ACCORDING TO SUDREAU) GERMAN CO-DETERMINATION (COGESTION) PRIMARILY BECAUSE COMMISSION WANTED TO MAINTAIN INTACT MANAGEMENT'S RESPONSIBILITY TO RUN THE DAY-TO-DAY BUSINESS. INSTEAD REPORT INTRODUCES IDEA OF CO-SUPERVISION (CO-SURVEILLANCE) BY PROPOSING ONE-THIRD WORKER PARTICIPATION IN SUPERVISORY BOARDS OR BOARD OF DIRECTORS EXERCISING SUPERVISORY FUNCTIONS. IDEA IS PROPOSED AS DISCRETIONARY BUT A DEBATE IS URGED TO DETERMINE WHETHER IT SHOULD BECOME MANDATORY.

(B) REQUIREMENT THAT COMPANIES ISSUE ANNUAL "SOCIAL" REPORT TO REFLECT THEIR LABOR SITUATION AND WORK CONDITIONS.

(C) LONG-TERM PLANNING OF IMPROVEMENT OF WORK CONDITIONS.

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(D) WORKERS' RIGHT TO COMMENT ON CONTENT OF THEIR JOB.

(E) COMPANY-FINANCED TRAINING IN LABOR RELATIONS AND OCCUPATIONAL HEALTH.

(F) INCREASE TRAINING OPPORTUNITIES FOR TRADE UNION MILITANTS.

(G) IMPROVE WORKER AND "CADRE" REPRESENTATION ON PLANT COMMITTEES.

(H) ENLARGE JURISDICTION OF PLANT COMMITTEES REGARDING TRAINING PROGRAM AND WORK CONDITIONS.

(I) CREATE SPECIAL COMMITTEE RESPONSIBLE FOR CONSULTING WITH MANAGEMENT ON ECONOMIC MATTERS.

(J) INTRODUCE EMPLOYEE REPRESENTATION SYSTEM AT THE LEVEL OF HOLDING COMPANIES.

(K) REQUIRE MULTINATIONAL COMPANIES TO DESIGNATE AN AUTHORIZED REPRESENTATIVE IN EACH SUBSIDIARY COMPANY TO ANSWER QUESTIONS REGARDING THE MULTINATIONAL COMPANIES' POLICIES.

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(L) INTRODUCE A PROCEDURE WHEREBY EMPLOYEES, MINORITY STOCKHOLDERS AND CREDITORS CAN DEMAND A REVIEW OF THE COMPANY'S FINANCIAL SITUATION.

8. COPIES OF REPORT HAVE BEEN POUCHED TO EUR LABOR ADVISOR AND LABOR DEPARTMENT.

9. COMMENT: ALTHOUGH A GREAT DEAL WILL DEPEND UPON WHAT HAPPENS NEXT, THERE IS A GENERAL AGREEMENT IN PARIS THAT THE SUDREAU REPORT CONSTITUTES A SIGNIFICANT EVENT LIKELY TO GENERATE MUCH DISCUSSION WHICH IS EXACTLY WHAT GISCARD HOPES IT WILL DO. IN A LETTER TO SUDREAU GISCARD ASKED HIM TO STIMULATE SUCH A DEBATE TO GUIDE THE GOVERNMENT IN ITS FINAL DECISION ON HOW TO PROCEED WITH IMPLEMENTATION.  
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10. THE REPORT WILL BE JUDGED TOO TIMID BY SOME, TOO RADICAL BY OTHERS. MOST OBSERVERS, HOWEVER, WILL AGREE THAT THE REPORT PRESENTS GISCARD WITH FIRST REAL TEST OF HIS WILL AND ABILITY TO MODERNIZE FRENCH LABOR-MANAGEMENT RELATIONS AT THE WORK SITE, BOTH OF WHICH ARE BEING QUESTIONED BY THE LEFT OPPOSITION. OUR EXPECTATION IS THAT GISCARD WILL PASS THE TEST. IN FACT WE BELIEVE THAT GISCARD LOOKS UPON THE "REFORM OF ENTERPRISE" WITH ALL ITS IMPLICATIONS AS A MAJOR GOAL OF HIS PRESIDENCY WHICH HE WILL PURSUE WITH EQUAL DEFTNESS AND DETERMINATION AS HE SHOWED WITH THE LAW ON ABORTION.

11. ONE THING IS CERTAIN, THE DEBATE ON THE SUDREAU REPORT WILL SERVE TO SOME DEGREE AS A DIVERSION FROM UNEMPLOYMENT SITUATION (765,000 IN JANUARY, UP 5.8 PERCENT FROM DECEMBER), AND WILL DEEP IN LIMELIGHT A SIGNIFICANT GOF INITIATIVE FROM A PRACTICAL AS WELL AS IDEOLOGICAL POINT OF VIEW.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LABOR RELATIONS, REPORTS, LABOR OBJECTIVES, ECONOMIC PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 FEB 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Legacy Key:** link1975/newtext/t19750235/aaaabfjn.tel  
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**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
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**Page Count:** 6  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 14 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <14 MAY 2003 by McShalBA>; APPROVED <23 JAN 2004 by ElyME>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REPORT ON REFORM OF ENTERPRISE  
**TAGS:** ELAB, FR, (GISCARD D'ESTAING, VALERY)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006